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C O N F I D E N T I A L AMMAN 003099

SIPDIS

STATE PASS USTR FOR DOUG BELL

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SUBJECT: MIDDLE EAST TRADE INITIATIVE ASSESSMENT - JORDAN

REF: A. STATE 135263

[1](#)B. AMMAN 2786

Classified By: Ambassador Edward W. Gnehm, reasons 1.5 (b,d)

[1](#)1. (c) Senior Jordanian officials issued strongly supportive statements both in public and in private following the President's May 9 announcement regarding the Middle East Trade Initiative. In comments repeated privately to the Ambassador (ref b), Planning Minister Bassem Awadallah told the Jordan Times he welcomed the move, and expressed hope that the initiative would stimulate long-dormant inter-Arab trade. When asked his views about Jordan losing its "special relationship" with the U.S. as the only Arab country with an FTA and QIZ status, Awadallah noted that "the age of mercantilism is over," and reiterated that any initiative that enlivened the regional economy would be to Jordan's benefit.

[1](#)2. (c) Trade Minister Salah al Bashir has made similar remarks in meetings with Emboffs, going so far as to say that an FTA for Egypt would be "the best thing" for Jordan. He, like Awadallah, believes that the initiative should increase economic growth and activity both within the region and with the U.S., and concludes that prosperous neighbors will offer the best opportunities to create a more prosperous Jordan.

[1](#)3. (c) These initial reactions indicate strong support for the President's initiative. As a country that has made significant progress, often at great political risk, on its economic reform agenda, Jordan already benefits from most of the programs on offer through the initiative. The GOJ will hope to play a leadership role in helping to roll out the initiative, and may even want to offer technical assistance to other countries in the region that need to upgrade legislation or procedures. To that end, the GOJ might support programs under the initiative that factor in capacity-building opportunities for rejuvenating inter-Arab trade. Jordan would likely be particularly interested in docking agreements and cumulation clauses that would spur trade with other countries in the region.

[1](#)4. (c) While we expect strong support from Jordan for this initiative, we also expect some degree of sensitivity. The GOJ will expect new beneficiaries of U.S. preference programs and agreements - whether QIZ's, FTA's, BIT's, or assistance with WTO accession - to be held to the same high political and economic standards to which Jordan was held in negotiating its own agreements. Thus, for example, they will expect any new QIZ agreements to require 11.7% Israeli content in finished goods, the highest (i.e., "TRIPS-plus") protections for intellectual property rights, especially in the pharmaceutical field, and minimal product category exclusions for tariff reduction schedules under new FTA's. If it appears that neighboring countries are getting "easier" terms, the GOJ will argue vociferously that other countries should have to meet the same standards that Jordan attained when it secured its original agreements.

GNEHM